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## **CACFP For-Profit Center Demonstration Final Report**

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## **Executive Summary**

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## **Executive Summary**

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### **Overview of Study**

The Child and Adult Care Food Program (CACFP) provides Federal funds for meals served to children and elderly or functionally-impaired adults in non-residential day care facilities and in family day care homes. Child care centers are eligible to participate if they are licensed or alternatively approved public or private nonprofit institutions, or if they are for-profit institutions that receive compensation for child care under Title XX of the Social Security Act for at least 25 percent of the children in their care. Federal assistance for center-based care is provided in the form of reimbursement at established rates for free, reduced-price and paid meals based on family income.

P.L. 101-147, the "Child Nutrition and WIC Authorization Act of 1989" authorized a demonstration to determine the effect of a change in for-profit center eligibility on participation by low-income children. The demonstration changed for-profit center eligibility from requiring that at least 25 percent of enrollment receive Title XX subsidies to requiring that 25 percent of children enrolled be from families whose incomes were at or below 185 percent of the Federal poverty level. The demonstration was authorized for a 2-year period in the States of Kentucky and Iowa beginning in October 1990<sup>1</sup>. The evaluation of the demonstration was conducted following the first year of operation. Centers that participated in the demonstration were required to either reduce their fees or improve meal quality.

The four primary research questions addressed by this evaluation were:

- 1) How many low-income children were served as a result of the changes in eligibility for for-profit centers?
- 2) What was the impact of the demonstration on the quality and types of meals served in the participating centers?
- 3) What was the Federal cost of the demonstration?
- 4) What were the outreach strategies used by the States to recruit centers into the demonstration?

### **Major Study Findings**

#### **Over 2,700 Low-Income Children Were Served by CACFP in Demonstration Centers**

The demonstration increased the total for-profit center participation in CACFP in the two States. Ninety-one centers actually submitted claims for meal reimbursement as of

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<sup>1</sup>Fiscal Year (FY) 1993 appropriation actions extended the demonstration in the two States to FY 1994.

## **Executive Summary**

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September 1991, the end of the study period. These included centers that had been participating under Title XX, but were concerned about losing their eligibility, newly licensed centers, and centers that could only have participated under the modified criterion. In Iowa six centers actually submitted claims for meal reimbursement as of September 1991.

The demonstration was successful in providing CACFP benefits to many low-income children who would not have received benefits under the former eligibility criterion. By the end of the study period, 2,779 low-income children were receiving CACFP benefits in demonstration centers; 1,847 (66 percent) were in centers that only qualified under the modified criterion and did not meet CACFP Title XX eligibility. The participating centers overall served large proportions of low-income children - 49 percent of their children qualified for free or reduced price meals.

### **Participating Centers Enrolled in CACFP to Improve Meal Service and Control Parent Fees**

Participating centers enrolled in the demonstration to improve meals served to children. However, similar numbers of participating centers reported that they enrolled in the demonstration to deter increases in child care fees charged to parents. This suggests that demonstration funds helped participating centers improve meals and maintain the cost of child care services.

### **The Demonstration Improved the Quality of Meals Served**

The quality and quantity of meals and snacks served to children in the participating centers improved during the study period. The number of centers serving breakfast and afternoon snacks increased during the study period. However, the demonstration did not have an effect on the number of centers serving lunch and supper.

The quality of meals and supplements also improved. The percentage of centers meeting the CACFP meal pattern for all 10 days for which menus were provided rose markedly during the demonstration. For breakfast, 88 percent of the centers serving this meal during the study period met meal requirements for all 10 days, compared to 55 percent of those in the pre-demonstration period. Similarly, the meal pattern requirements for lunch were met by 85 percent of the centers during the study period, compared to only 25 percent in the pre-demonstration period. For morning snack, the percentage of centers meeting the meal requirements for all 10 days rose from 50 percent in the pre-demonstration period to 78 percent during the study period. The afternoon snack greatly improved; 28 percent of the pre-demonstration centers met requirements all 10 days compared to 72 percent during the study period. Very few centers served supper; however, all of those who provided supper met the meal requirements during the study period compared to 33 percent prior to the demonstration.

### **Over Half of the Federal Cost for the Demonstration Paid for Meals in Centers Not Meeting CACFP Title XX Criterion**

The total Federal cost for the first year of the demonstration was \$1,133,502 (\$51,734 for Iowa and \$1,081,768 for Kentucky). This cost includes the total meal reimbursement for all centers participating in the demonstration from October 1990 to September 30, 1991 including reimbursements to for-profit centers that also met the former Title XX eligibility criterion. Over half of the total federal cost for the first year of the demonstration reimbursed meals in centers that would not qualify for CACFP under Title XX eligibility rules; the Federal cost for FY 1991 for centers not meeting the Title XX eligibility criterion is estimated to be \$736,776.

### **Outreach Strategies Used and the Level of Technical Assistance Provided by the State and Others May Have Affected Participation**

Both Iowa and Kentucky used two basic strategies to recruit centers for participation in the demonstration: (1) they sent a letter and information about the demonstration and the criteria for participation to a list of all for-profit licensed centers; and (2) they conducted regional workshops for all interested centers. State staff from Kentucky also followed up with a visit to each center that indicated a willingness to participate in the demonstration.

Both States also provided ongoing assistance during the demonstration to participating centers, particularly to help them comply with CACFP requirements. Recruitment efforts, according to both States, continued throughout the demonstration. Iowa's technical assistance efforts after the workshops were conducted primarily by telephone. Kentucky State staff conducted in-person visits to centers requesting assistance, as well as a visit to each center to complete the first month's claim forms. Kentucky also has an active sponsor organization that is credited by the State Agency with about one-half of the successful recruitment efforts.

It appears that technical assistance, an active sponsor organization, and in-person follow-up to interested centers made a substantial contribution to the recruitment and retention of demonstration centers in Kentucky. However, there may be other factors that contributed to these results, including a history of more for-profit CACFP participation prior to the demonstration in Kentucky than in Iowa, and the possibility that Kentucky may have more low-income children in for-profit child care than Iowa.



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## **Chapter I**

### **Introduction**

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## **Chapter I. Introduction**

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This report describes a demonstration to determine if modifying eligibility criteria for for-profit centers in the Child and Adult Care Food Program (CACFP) would increase participation among low-income children. A brief overview of the CACFP program is presented below, followed by a description of the demonstration and the objectives of the evaluation.

### **I. Overview of CACFP**

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The CACFP provides Federal funds for meals served to children and elderly or functionally-impaired adults in non-residential day care facilities. Prior to 1987, the program was exclusively for children; in 1987, certain adult day care centers were allowed to participate in the program. Federal assistance is provided in the form of reimbursement for each meal served. Meals eligible for reimbursement were limited to two meals and a snack until the 1988 Hunger Prevention Act added a meal or supplement (child care centers only) for children who are in child care for 8 hours or more a day.

Child care centers are eligible to participate if they are licensed public or private nonprofit institutions or if they are for-profit institutions that receive compensation for child care under Title XX for at least 25 percent of their children. Other eligible institutions are Head Start programs, settlement houses, and recreation centers.

Reimbursement rates for child care centers are based on the household income of the individual child receiving the meal or snack. As with the National School Lunch Program, there are three categories of reimbursement (free, reduced-price and paid), each based on household financial resources. Commodity assistance is also available to centers and homes, and, at the option of the State, may be provided in cash.

To receive CACFP reimbursements, family day care homes (FDCHs) must meet State licensing requirements, where these are imposed, or otherwise be approved by a State or local agency. They must also be affiliated with a sponsor. Sponsors are directly reimbursed for administrative expenses, based on the number of homes served. Sponsors also receive the reimbursements for meals served by homes, which are, in turn, distributed to the day care homes. Unlike child care centers, there are no individual income criteria for children receiving subsidized meals in participating day care homes. Rather, the homes are reimbursed at a flat rate for each meal or snack.

### **II. Description of the Demonstration**

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P.L. 101-147, "The Child Nutrition and WIC Authorization Act of 1989," required the U.S. Department of Agriculture, Food and Nutrition Service (FNS) to conduct two statewide demonstrations, modifying eligibility criteria for for-profit center participation in CACFP, to determine whether more low-income children would receive program benefits. Congress

## **Chapter I. Introduction**

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mandated the demonstration to extend CACFP benefits to for-profit centers that served significant numbers of low-income children. The eligibility criterion for the demonstration was changed from 25 percent of participating centers' enrollment receiving assistance under Title XX of the Social Security Act to 25 percent from families with incomes at or below 185 percent of the Federal poverty level. Centers that participated in the demonstration were required either to reduce their fees or improve the quality of meals served to children. The demonstration began in October 1990, in the States of Iowa and Kentucky. FNS monitored the demonstration.

Data analysis focused on addressing the four primary evaluation objectives, namely:

- 1) How many low-income children were served as a result of the changes in eligibility for for-profit centers?
- 2) What was the impact of the demonstration on the types and quality of meals and snacks served by participating centers?
- 3) What was the Federal cost of the demonstration? (first year)
- 4) What were the outreach strategies used and levels of technical assistance provided by the States of Iowa and Kentucky to attract for-profit centers to the demonstration?

Each of these evaluation objectives is addressed separately for the States of Iowa and Kentucky.

### **III. Report Organization**

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The remainder of this report is organized as follows:

- Chapter II covers the implementation and effect of the demonstration in Kentucky;
- Chapter III addresses the implementation and effect of the demonstration in Iowa; and
- Chapter IV contains a discussion of the conclusions regarding the success of the demonstration in meeting its stated objectives.
- Appendix A contains a description of the methodology for conducting the demonstration evaluation.

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## **Chapter II**

### **The Demonstration in Kentucky**

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## Chapter II. The Demonstration in Kentucky

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### I. Background

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#### A. Characteristics of Child Care and CACFP in Kentucky

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The Division of School Food Services of the Department of Education was the agency responsible for implementing the demonstration and for responding to questions on the evaluation of the demonstration in Kentucky. This agency responded to the mail survey that is the source of information in this report.

Kentucky provided data on the supply of child care by type of organization for 1990 and 1991. The following data were reported on the number of licensed centers by type for the 2 years.

Exhibit II-1: Profile of Center Care in Kentucky					
Type of Center	Licensed Centers 1990	% of Total	Licensed Centers 1991	% of Total	% Change 1990-1991
Public	51	4	69	5	35
For-Profit	540	47	567	44	5
Non-Profit	413	36	499	38	21
Head Start	150	13	162	13	8
Total Centers	1,154	100	1,297	100	12

Source: Kentucky Department of Education. Table represents data for specific calendar year.

As noted above, for-profit centers represent the largest proportion of centers in the State (over 40 percent), followed closely by non-profit centers. Kentucky reported additional licensed centers for each type in 1991, compared to 1990. The State showed a 5 percent growth rate in the number of licensed for-profit centers between 1990 and 1991. Much more significant growth, however, occurred in the non-profit and public sectors.

Kentucky reported that licensed care is not available in a few counties; other counties have limited licensed center care, but all areas have family day care homes (FDCHs). Furthermore, all of the licensed/certified FDCHs are participating in CACFP. The State reported that the reason the FDCHs go through licensing or certification is so that they can be eligible for the CACFP program.

The major clientele of non-Head Start center-based care as reported by Kentucky is working parents of all economic levels. Infant care, they said, is the least accessible and the least affordable. Cost, location and transportation are the determining factors in the selection of day care facilities.

In response to the question: "What makes your State unique in center-based care and/or for-profit centers?" Kentucky said that it is a rural State in which continued unemployment and general population loss has stifled the demand for child care. Kentucky suggested that because child care licensing regulations are stringent, the number of unlicensed homes and centers has grown.

Regarding sources of funds for child care, Kentucky reported that the Jobs, Transitional Child Care,<sup>1</sup> and Title XX programs all provide child care subsidies for low-income children. According to the State, the programs pay approximately \$9.00 a day for care, but they pay only for the days that the child attends and the center must reserve a slot for that child.

When asked if the demand for child care had changed overall, Kentucky responded that it will only change when more Kentucky families are employed. They did report that welfare reform has created a greater demand for child care by low-income families; however, they added that if the economy does not recover, welfare reform will have little impact.

### **B. For-Profit Center Care**

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Kentucky described its for-profit center-based care as chiefly run by single owners and small operators. Chain operations comprised less than 10 percent of the for-profit centers. In terms of child care facilities, Kentucky reported that most of its centers were small conversions of existing houses, apartments, and shopping center locations; few were originally built as day care centers.

Most for-profit centers, according to the State, are operated by an individual or family who does not necessarily view day care as a business. Most operators have no business background and have little understanding of the costs associated with running a business. Furthermore, Kentucky suggests that the for-profit centers may be less knowledgeable about government programs than their non-profit counterparts.

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<sup>1</sup>The JOB opportunities and Basic Skill Program (JOBS) and the Transitional Child Care Program are authorized by the Family Support Act and are administered by the Department of Health and Human Services.

Kentucky states that these for-profit centers serve all economic levels; their location and fee structure are key factors in determining the socioeconomic status of their clientele. Both for-profit centers and non-profit centers serve low-income children.

When asked what segments of the low-income population are served or not served by for-profit centers, Kentucky responded that most centers will provide care for any child whose parents can afford the fees, and that most centers have a waiting list. Kentucky reports that low-income children who live near affluent urban areas are not served by centers.

There are substantial fluctuations in center participation in CACFP based on their Title XX eligibility, according to the State. The State reports that at least half the Title XX centers would not be eligible for participation in CACFP for 1 month each year and many would lose 2 or more months in reimbursement. At the end of each fiscal year, centers lose Title XX children because the Title XX funds are depleted. During the first year of the demonstration, 27 former Title XX centers were permanently switched to the demonstration so that they could maintain their CACFP eligibility.

## **II.    Implementation of the Demonstration in Kentucky**

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### **A.    Outreach and Initial Recruitment**

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The following is an account of outreach efforts to recruit centers to participate in the demonstration as provided by the State:

- 1)    Using the State licensing listing, all centers were sent a notice concerning the availability of the demonstration.
- 2)    Regional meetings were scheduled, based on the response to the initial mailing. At each meeting the demonstration was described, as well as CACFP and its requirements and benefits.
- 3)    Those who indicated a willingness to participate at this point were visited in person by State Agency staff. Centers were encouraged to telephone any time with questions. The State Agency assumed the cost of most long distance phone calls.

Kentucky said they stressed eligibility criteria, maintenance of proper records and availability of training and support from the State Agency in their initial outreach efforts.

The State's largest child care sponsor, Community Coordinated Child Care (4 C), played a key role in recruitment and in providing ongoing support to its centers that participated in the demonstration. According to the State, the 4 C was quite active both in

## **Chapter II.        The Demonstration in Kentucky**

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recruitment and in providing technical assistance throughout the demonstration; in fact, the State attributed about one-half of the initial participation to the 4 C.

### **B.    Ongoing Recruitment and Assistance**

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There was little distinction between Kentucky's initial outreach and its recruitment efforts throughout the demonstration; the State continued to recruit centers as actively throughout the demonstration period as it did at the beginning of the demonstration. In addition to the steps listed above, Kentucky also had a cooperative arrangement with the Cabinet for Human Resources (State Agency responsible for licensing) whereby the Department of Education was notified of meetings held for newly-licensed centers. State staff attended many of these meetings and presented information about CACFP and the demonstration. This presented an opportunity for newly-licensed centers to receive first-hand and timely information about the demonstration. Kentucky stated that they also held training workshops every month throughout the demonstration, which served as another recruitment mechanism. The State staff mentioned that word-of-mouth was also an effective recruitment tool.

Assistance for compliance with CACFP requirements was provided on an ongoing basis. Kentucky also conducted an administrative review with each center during the first six months of the demonstration. This covered recordkeeping, menu items and applications for determining whether a child was eligible for free or reduced-price meals.

Kentucky assembled packages of training materials on food service and income eligibility guidelines. Sample news releases for publicizing the center's CACFP participation and benefits were also made available. These materials were used both in training workshops (prior to center participation) and in offering technical assistance to centers in the program. However, the State reported that they would like to have offered more technical assistance, especially in improving menus during the demonstration.

The State did not separately track its staff hours and/or expenses to administer the demonstration or non-labor costs such as postage, travel, etc. Existing staff assumed responsibility for this program as well as for all centers, homes, adult day care centers and the Summer Food Service Program. Two central office staff performed the functions of outreach, approvals, certification, training, claims payments and audits; three field consultants were assigned to direct technical assistance and monitoring reviews. The State Agency said they could have used more staff.

## **III.   Effect of the Demonstration**

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Four measures are discussed, corresponding to the evaluation objectives:



- 1) Effect on number of for-profit centers participating in CACFP;
- 2) Effect on number of low-income children served;
- 3) Effect on quality and types of meals/snacks served; and
- 4) Effect in terms of Federal expenditures.

Each will be addressed in a separate section. The findings on center characteristics and meals are based on data reported by the demonstration centers that returned the mail survey and/or responded to the telephone follow-up to obtain the same data (n=86). The findings of the number of low-income children served and the first year federal cost of the demonstration are based on data collected from 90 centers through record abstractions.

### **A. Center Participation in the Demonstration**

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The number of centers recruited and retained in the demonstration is a good indicator of the success of the State's outreach efforts. Kentucky originally estimated that 100 centers would express an interest in the demonstration program; 60 centers responded to the initial invitation from the State. Kentucky said a fear of Federal involvement and incurring additional costs on the part of many for-profit centers may have caused centers not to respond to outreach efforts.

Centers participating in the demonstration were allowed to choose whether they wished to reduce their fees or improve the quality of their meals in exchange for participating in the demonstration. None of the centers chose to reduce fees.

Prior to the demonstration in September 1990, 77 for-profit centers participated in CACFP under the regular Title XX CACFP program; this represents 14% of all for-profit centers in the State. A total of 91 for-profit centers participated in the demonstration under the modified eligibility criterion as of September 1991, the end of the study period (this includes 27 former Title XX centers that were switched to the demonstration due to a decrease in Title XX enrollment). An additional 53 for-profit centers participated in CACFP in September 1991 under the ongoing Title XX program bringing the total statewide for-profit center participation for the month to 144 centers (91 demonstration centers, 53 Title XX centers); this represents 25% of all or-profit centers in the State. Exhibit II-2 illustrates the impact of the demonstration on for-profit center participation in CACFP<sup>2</sup>.

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<sup>2</sup>The total of 91 centers refers to those submitting claims in September 1991. All centers do not submit claims every month.

<b>Exhibit II-2: Effect of the Demonstration on CACFP Participation by For-Profit Centers</b>	
Total for-profit centers pre-demonstration (Title XX) (9-90)	77
Total for-profit centers participating in demonstration (9-91) (Free/reduced price meals -- includes 27 former Title XX)	91
Total for-profit non-demonstration Title XX centers (9-91)	53
Total for-profit centers post-study period; (9/91) (Demonstration and Ongoing Title XX Program)	144

Source: Kentucky Department of Education

### **1. Description of Demonstration Centers**

Exhibit II-3 portrays a profile of the demonstration centers according to their geographic distribution within the State, their fee structures, ages of children enrolled, and their hours of operation.

The greatest number of the Kentucky demonstration centers were located in the major cities of Lexington and Louisville (32 percent). Approximately 27 percent were in rural areas. Twenty-five percent of the centers were located in cities other than the two mentioned above, with the balance of 16 percent being located in suburban areas of the State. Thus, there was a fair distribution of demonstration centers across urban, rural and suburban areas.

Exhibit II-3: Profile of Demonstration Centers in Kentucky		
Characteristic	Modal Response	Range of Responses
Geographic Distribution	Large urban areas	Rural, suburban, urban
Weekly Fees (1991)		
-- Under 1 to age 5	\$50-\$59	\$30-\$79
-- After-School Care	\$20-\$29	\$10-\$59
Ages of Children Enrolled	3-4 years	Less than 1 year through 6 +
Hours of Operation	10-13 hours Monday-Friday	Less than 10 hours/day on Saturday through all day, Monday - Friday and all day Saturday and Sunday

Source: 90 respondents to center survey

The ages served by Kentucky demonstration centers mirror nationwide statistics in center care usage; namely, that predominantly preschool children were served through this form of care.<sup>3</sup> Only 9 percent of the children were under 1 year of age. Thirty-four percent of children in participating centers were of preschool age (3 to 4), with the majority, or 58 percent, between the ages of 1 and 4. Eighteen percent of the children were school-age and were most likely to be attending after-school care only. Kindergarten-age children (5 to 6 years) constitute 15 percent of average daily attendance; this group probably attended half-day or after school.

As previously stated, none of the centers chose to reduce their fees to qualify for participation in the demonstration. The range of fees charged was \$30-79 per week for infants through age 5; for after-school care, the range was \$10-59 per week. The majority of centers were charging \$50-59 per week for infants through age 5 and \$20-29 per week for after-school care. Fees increased only slightly during the period 1989 to 1992; the majority of the small increases occurred for part-day or after-school care.

The majority of participating centers reported being open 10 to 13 hours per day, Monday through Friday (86 percent). Two centers in Kentucky were open all day (24 hours) Monday through Friday and five centers were open during the weekend (four on Saturday, and one all day on Sunday).

<sup>3</sup>Study of the Child Care Food Program, Final Report, August 1988. Abt Associates, Inc., Cambridge, MA. Recent data published by the U.S. Department of Education also support this pattern.

**2.    Factors Related to Participation**

State Agency staff indicated that the three main factors contributing to centers' decisions to participate, were that:

- 1)    CACFP would help those serving low-income children to stabilize revenues;
- 2)    The centers wanted to improve their meal service; and
- 3)    Centers wanted technical assistance and training provided by the State Agency.

Centers participating in the demonstration agreed with the State's assessment of the factors that attracted them to the demonstration. The majority of centers (72 percent) said they participated in the demonstration to improve meal service. The next most frequent response (70 percent) was that they wanted the money so fees would not have to be raised. The third most popular reason was to receive the training and technical assistance provided through participation in the demonstration (44 percent). Forty-one percent responded that although they were not in CACFP prior to the demonstration, they expected to have many low-income children and also that they wanted to receive regular reimbursement money. Providing better quality meals as well as the financial support seemed to be the primary incentives to center participation in Kentucky.

Kentucky staff indicated that the primary factors deterring participation were: centers did not have enough low-income children to qualify; low-income enrollment fluctuated for some centers so that eligibility could not be maintained; and CACFP paperwork requirements were too burdensome. Kentucky also stated that menu production records were too difficult for some centers to maintain, and that some centers did not want to ask parents to complete the free and/or reduced price meal application. Centers overwhelmingly (82 percent) reported that CACFP paperwork was the primary concern about participation.

Staff reported that some demonstration centers experienced problems in meeting CACFP requirements. These included problems in meeting CACFP meal requirements because centers were used to purchasing the least expensive food items possible. Kentucky also stated that many of its centers found the paperwork difficult because they did not have information systems in place.

**B. Number of Low-Income Children Served**

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The demonstration was successful in providing CACFP to many low-income children who would not have received benefits under the Title XX criterion. By September 1991, 90 participating centers served a total of 5,375 children, of which 2,645 were low-income. This means that 49 percent of the children in participating demonstration centers qualified for free or reduced-price meals. Sixty-seven percent of all low-income children were served in centers that did not meet the CACFP Title XX eligibility criterion. Exhibit II-4 illustrates the number of low-income children served through the demonstration, using the enrollment data for the final month of the study period.

Exhibit II-4: Number of Children Served - Kentucky; September 1991			
	Total Centers	Total Enrollment	Total Low-Income Children*
All Demonstration Centers	90	5,375	2,645
Title XX Demonstration Centers <sup>b</sup>	30	1,476	885
Non Title XX Demonstration Only Centers <sup>c</sup>	60	3,899	1,760

Source: (90 out of 91 centers reporting)

\*Total number of children eligible for free or reduced price meals.

<sup>b</sup>Total Title XX centers refer to those demonstration centers that would meet the CACFP eligibility criteria based on the number of enrolled children who receive Title XX benefits.

<sup>c</sup>Non Title XX Demonstration only centers refer to centers that do not meet CACFP Title XX requirements.

**C. Effect on Types of Meals Served and Meal Quality**

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To assess meal improvement, centers were asked a variety of questions about the impact of the demonstration on their food service. The Kentucky centers' responses are illustrated in Exhibit II-5. In addition, pre-demonstration menus were also requested from each of the participating centers to compare with demonstration menus.

<b>Exhibit II-5: Meal Service Changes Reported by Kentucky Centers</b>		
<b>MEAL SERVICE CHANGES</b>	<b>NUMBER</b>	<b>PERCENT</b>
Reduced sugar	54	82
Increased protein	53	80
Reduced fat and/or cholesterol	38	58
Increased complex carbohydrates	36	55
Reduced salt	31	47
Substituted whole grain products for white bread	18	27
Served balanced meals	15	23

Source: 66 respondents to center survey. Responses indicated changes in meal services as reported by responding centers. No dietary analyses were conducted to confirm responses. Percentages do not sum to 100% because centers could report more than one change in meal service.

Regarding meal preparation, centers were asked to state the changes they had made because of the demonstration. The range and frequency of responses is shown below in Exhibit II-6.

<b>Exhibit II-6: Meal Preparation Changes Reported by Kentucky Centers</b>		
<b>MEAL PREPARATION CHANGES</b>	<b>NUMBER</b>	<b>PERCENT</b>
Tried new foods that met demonstration requirements	40	65
Changed recipes and menus	39	63
Talked to children about eating healthy foods	38	61
Prepared more foods from scratch	34	55
Used more fresh food	33	53
Tried a greater variety of foods	25	40
Learned to cook new foods	24	39
Enjoyed meals more	6	10

Source: 62 respondents to center survey. Percentages do not sum to 100% because centers could report more than one change in meal preparation methods.

Forty-two percent of the centers reported that parents approved of the changes in the meal service. Twenty-five percent of centers said parents were not aware of any changes in the meals. Over one-quarter of the centers said parents liked not having to send in baby food or formula, and liked their child receiving the same meals as the other children. Center

reports of children's reactions to the CACFP meals were also primarily positive, as Exhibit II-7 shows.

Exhibit II-7: Center Reports of Child Reactions to CACFP Meals		
CHILD REACTIONS	NUMBER	PERCENT
Asked for more food than the CACFP portions	37	45
Liked trying new foods	32	39
Did not like change at first, but are coming along	27	33
Liked the change	25	30
Did not notice any changes	21	25
Liked having the same meals as everyone else	14	17

Source: 83 respondents to center survey. Percentages do not sum to 100% because centers could report more than one reaction to CACFP meals.

### **Types of Meals Served**

The total number of participating centers in Kentucky serving breakfast and afternoon snack increased dramatically during the demonstration. Morning snack was actually served by fewer centers during the demonstration than before, but this is probably due to the increase in centers serving breakfast. Lunch remained the most frequently served meal. At least 97 percent of the centers providing pre- and post-study menus served lunch prior to and during the demonstration. Supper was only served by one additional center during the demonstration. The number of centers serving supper corresponds to the number of centers that are open all day in Kentucky.

Exhibit II-8 illustrates the number of demonstration centers in Kentucky serving each meal and snack prior to, and during the demonstration.

Exhibit II-8: Number of Centers Serving Each Type of Meal/Snack				
MEAL/SNACK	# SERVING PRE-DEMO	% SERVING PRE-DEMO	# SERVING DURING DEMO	% SERVING DURING DEMO
Breakfast	35	55	62	98
Morning Snack	15	24	7	11
Lunch	61	97	63	100
Afternoon Snack	47	75	61	97
Supper	3	5	4	6

Source: 63 matched menus: pre- and during the demonstration.

The predominant meal pattern did change during the demonstration. Prior to the demonstration, lunch and afternoon snack was the most frequent meal pattern. During the demonstration, the predominant meal pattern was breakfast, lunch, and afternoon snack. The demonstration meal pattern is consistent with the most frequent meal pattern in non-Head Start CACFP centers nationwide (Abt Associates, 1988, p. 345).

### **Meal Improvement**

To measure meal quality menus of participating centers were analyzed to determine if they provided all food components required by the CACFP meal pattern.<sup>4</sup> The quality of all meals and/or snacks served during the demonstration showed substantial improvement from those served in the pre-demonstration period. An analysis of menus from 63 centers reveals the extent to which centers met the CACFP meal pattern for a two-week period (prior to and during the demonstration. These 63 centers were not in CACFP prior to the demonstration). Exhibit II-9 illustrates the results of the menu comparison. Centers that changed meals (e.g., added food components) to meet the CACFP pattern during the demonstration were determined to have improved meals.

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<sup>4</sup>Required food components and serving sizes vary depending on the meal and age of the child. Required items for breakfast served to children 1-12 years of age include: Milk; juice or fruit or vegetable; and bread and/or cereal. Lunch and supper for this same age group requires 4 components: milk; meat or meat alternate; vegetable and/or fruit (two or more); and bread or bread alternate. Centers were not expected to meet the meal pattern prior to the demonstration, however the pattern was used as a standard.



Exhibit II-9: Percent of Centers Meeting CACFP Requirements*				
MEAL	ALL 10 DAYS		0 DAYS	
	PRE	POST	PRE	POST
Breakfast	54	87	20	0
Morning Snack	47	71	13	14
Lunch	25	84	7	0
Afternoon Snack	28	72	6	0
Supper	33	100	0	0

\*The percentages in this table are based on those centers serving each meal in the pre- and post-study periods. Menus from 63 centers were analyzed. Menus from centers that participated in CACFP prior to the demonstration were assumed to meet meal pattern requirements and were not analyzed.

As these data illustrate, the majority of centers served meals and snacks that met CACFP requirements during the demonstration<sup>5</sup>. Lunch showed the greatest improvement relative to the proportion of centers meeting meal requirements all 10 days; afternoon snack also showed substantial improvement for the 10-day period. Breakfast, on the other hand, showed the greatest improvement in terms of the proportion of centers that did not meet program requirements for any of the 10 days. In summary, the menu analysis showed that there was substantial improvement in the quality of meals served during the demonstration.

Menus were also analyzed to determine, for each type of meal or supplement served, what percentage of them were missing one or more of the CACFP-required foods. This analysis was conducted for the pre- and post-study periods to assess what effect participation in CACFP had on the quality of meals served.

In Kentucky, 350 breakfasts were served by 35 centers in the 10 day pre-demonstration period. Thirty-three percent (or 116) of those breakfasts were missing one or more of the CACFP-required foods, with the largest group (53 percent) missing a fruit, juice, or vegetable.

In the 10-day post-study period, 614 breakfasts were served by 62 centers. Only 15 of these meals did not meet the CACFP meal requirements (or 2 percent)—a vast improvement from the pre-demonstration period. In these 15 breakfasts, the component missing most often was fruit, juice or vegetable.

<sup>5</sup>Determining CACFP meal pattern compliance by observing menus and meals may provide different results. Centers are responsible for ensuring that meals meet the meal pattern; menus may not reflect every item offered for each meal.

Morning snack was served by more centers in the pre-demonstration period (15) than in the post-study period (7). Of the 135 morning snacks served in the pre-demonstration period, 51, or 38 percent, did not meet the meal requirements compared to 3 of the 60, or 5 percent, in the post-study period.

Lunch was served by nearly all the centers in both periods (61 pre-demonstration, and all, or 63, in the post-study period). Thirty-eight percent or 237 of the 616 lunches in the pre-demonstration period did not meet the requirements. The greatest problem among these meals was a missing fruit, juice or vegetable (62 percent of those missing a required food), followed by 28 percent missing a bread. During the demonstration period, however, only 2 percent of the 629 lunches served were missing any required food. Again, the most frequently missing component (9 of the 12 meals missing any food) was fruit, vegetable, or juice.

Afternoon snack also showed great improvement from the pre- to post-study periods. Of the 47 centers serving afternoon snack in the pre-demonstration period, 162 of the 468 snacks (35 percent) were missing a required food, compared to 25 (4 percent) of the 608 snacks served by 61 centers in the post-study period.

Supper was served by three centers in the pre-demonstration period and by four, during the demonstration. Great improvement was shown in the post-study period, as there were no meals that did not meet the requirements compared to 5, or 13 percent of those served in the pre-demonstration period. Four of these meals were missing a fruit, vegetable, or juice.

Thus, the number of meals missing any CACFP requirement for each type of meal served declined sharply from the pre- to post-study period. The most frequently missing component for all meal types in both periods, was fruit, vegetable or juice.

#### **D. Federal Cost of the Demonstration**

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The Federal cost of the CACFP meal reimbursements provided to demonstration centers for the period October, 1990 through September, 1991, was reported by Kentucky at \$1,081,786. The total reimbursement for the last month of the study period, September 1991, was \$109,749. Over half of the total reimbursement (65%) for September 1991, reimbursed meals at 60 centers that did not meet CACFP Title XX eligibility criterion while just over one-third (35%) of the reimbursement for the same month paid for meals in centers that met the Title XX criterion. Using these proportions to estimate the annual cost of the demonstration in demonstration-only and Title XX centers, \$703,161 was the total cost of the first year of the demonstration in centers not meeting the Title XX criterion; \$378,625 was paid to centers meeting the Title XX eligibility criterion.

### **Center Reports of Demonstration Costs**

There were three types of center costs associated with CACFP—one-time or start-up costs (such as appliance purchases), recurring administrative labor costs, and recurring food costs. Each is discussed below.

Sixteen Kentucky centers listed any major expenses. The most commonly cited expenses were appliances (freezer, refrigerator, stove) and storage improvements, such as installation of closets, shelves and purchase of food carts. The average costs ranged from \$800 for major appliance purchases to \$225 for storage improvements.

Centers were also asked to report the time their staff spent on CACFP administrative activities and training per month. Only 25 centers reported such data.<sup>6</sup> The median number of hours per month for training was 1.5; the median number of hours spent on administrative activities was 24 hours. However, there were no discernible clusters among the responses, with the possible exception of the five centers reporting 5 hours per month on administrative activities. Most other responses were singular specifications.

The vast majority, or 72 of the Kentucky centers, reported that they paid more for food after participation in CACFP. The two reasons given by the largest number of centers for increased food costs were that they bought better quality foods (63 percent) and that food prices went up (64 percent). The increase in food costs is consistent with the fact that centers served more meals, and food items in a meal during the demonstration than they did in the pre-demonstration period. More than 40 percent of the centers stated that they needed to prepare larger quantities because they were serving more children. While none of the centers decreased their fees, these responses suggest that the CACFP funds helped to support increased food costs and start-up purchases such as appliances and equipment. The improvement in meal quantity and quality in the demonstration centers suggests that meal reimbursements were being used to fund meal improvement.

## **IV. Summary of the Demonstration Results in Kentucky**

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Kentucky reported that the State did not have adequate Title XX funds to provide day care for all of the children eligible for the subsidy. Children were in day care subsidized by local funds. Participation in the demonstration made these centers eligible, whereas, prior to the demonstration, a high number of low-income children were not served since they did not receive Title XX subsidies.

The State of Kentucky made substantial efforts to recruit for-profit centers into the demonstration. The involvement of the State's largest CACFP sponsor, and ongoing technical

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<sup>6</sup>This only represents 29% of centers responding to the center survey; data should not be considered representative of all centers.

assistance, emphasizing in-person visitation to centers also aided in retaining centers throughout the demonstration. However, during the first year-long study period, Kentucky experienced a five percent growth rate in the number of licensed for-profit centers; therefore, the number of centers recruited in the demonstration may have been affected by general growth in the State for-profit child care system.

The effect of the demonstration on the number of low-income children receiving CACFP benefits and improving the quality and types of meals served was also substantial. The total enrollment at centers that only qualified because of the demonstration's modified criteria for participation was 73 percent of the total enrollment for all participating centers as of September, 1991. Almost half (49 percent) of the total enrollment in all participating centers were low-income children; over half of all low-income children were enrolled in centers not meeting the Title XX criterion.

Seventy-two percent participating centers reported that they participated in the demonstration to improve their meal service; however 70% also indicated that they wanted the CACFP reimbursement so they would not have to raise child care fees charged to parents.

The types of meals served at Kentucky demonstration centers also changed dramatically during the demonstration. Prior to the demonstration, breakfast was not typically served; during the demonstration, breakfast was added as one of the most frequently served meals.

The quality of meals and snacks served by demonstration centers also showed significant improvement (defined as adding food components to meet the CACFP meal pattern) from the pre- to the post-study period. Analysis of menus for a 10-day period prior to and during the demonstration showed that there was marked improvement in the proportion of centers serving meals that met the CACFP requirements for all 10 days, from 54 percent to 86 percent of those serving breakfast, 25 percent to 84 percent of those serving lunch, and 28 percent to 72 percent of those serving afternoon snack.

The total Federal cost for centers participating in the demonstration was \$1,081,786, as reported by the State of Kentucky. Approximately \$703,167 of this amount represented reimbursements for meals in centers that would not have qualified based on the old criterion.

During its first year, the demonstration in Kentucky achieved all its goals: (1) it increased for-profit center participation in CACFP; (2) it provided CACFP benefits to a substantial number of low-income children; (3) it increased the types of meals served by participating centers; and (4) it improved the quality of meals served.

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## **Chapter III**

### **The Demonstration in Iowa**

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## Chapter III. The Demonstration in Iowa

### I. Background

#### A. Characteristics of Child Care and CACFP in Iowa

The Iowa State Department of Education, Bureau of Food and Nutrition, was responsible for implementing the demonstration and for responding to questions in the demonstration evaluation.

Iowa provided data on the supply of child care by type of organization for 1990 and 1991. The following data were reported on the number of licensed centers for the two years.

Exhibit III-1: Profile of Center Care in Iowa					
Type of Center	Licensed Centers 1990	% of Total	Licensed Centers 1991	% of Total	% Change 1990-1991
Nonprofit	210	26	266	32	27
For-Profit	439	55	410	49	-7
Head Start	150	19	167	20	11
Total	799	100	843	100	6

Source: Iowa State Department of Education

Although the number of for-profit centers decreased from 1990-91, all other types of center care increased during this period. For-profit centers constitute the largest proportion of center-based care in Iowa.<sup>1</sup>

When describing the supply of child care centers by types of locales, Iowa responded that child care is needed in rural areas, where center-based care is rarely available, and where the supply of home-based care is not adequate. The major clientele of non-Head Start center-based care, as reported by Iowa, are children ages 2 to 5. The State reported that about 2 to 3 percent are under 2 years of age and that about 5 to 10 percent are school-age children. Low-income enrollment in centers varies from zero to 60 percent, with no uniformity apparent throughout the State. Head Start centers, on the other hand, are reported to be serving predominantly low-income children (90 percent or more), according to the State.

<sup>1</sup>Except when Head Start and non-Head Start centers are identified collectively as a group of non-profit centers.

Iowa stated that there was a continued increase in licensed private, non-profit centers and in licensed day care homes. Continued decreases were reported by the State in licensed, for-profit centers. The State does anticipate that there will be continued increases in the number of low-income families seeking child care. Iowa reports receiving annually a combined figure of approximately \$12 million from the following sources: Child Care and Development Block Grant, At-Risk Child Care (Federal and State funds), State Child Care Assistance, and Protective Child Care.

**B.    For-Profit Center Care**

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Iowa described its for-profit center care as locally-owned. A few are two or three-site operations but most organizations only have one facility. Most operate in rural or small town environments (populations 500 to 5,000). There are some chain operations, but these are described by the State as usually in cities with populations over 15,000.

For-profit centers generally serve families with a single parent working at or near minimum wage or two-parent families earning slightly above minimum wage. Iowa states that most of the children served by for profit centers are 2 to 5 years old. The State reported that large numbers of low-income children are not being served by for-profit centers, and in particular, very young children (under 2 years of age) and 8- to 12 year-old children of unemployed parents are not served.

Lastly, Iowa suggested that for-profit centers have some difficulty maintaining their CACFP eligibility due to fluxations in Title XX/low-income enrollment.

**II.    Implementation of the Demonstration in Iowa**

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**A.    Outreach and Initial Recruitment**

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The following is an account of efforts to recruit centers to participate in the demonstration as provided by Iowa:

- 1) All private for-profit licensed centers were identified by the Iowa Department of Human Services. Each center on the list was sent a mailing consisting of an information letter and a return survey. Centers were asked to respond if they believed that their enrollment was at least 25 percent low-income children.
- 2) Five regional workshops were scheduled; centers responding to the mailing were sent a schedule of workshop dates and locations. The workshops were conducted according to schedule. Centers wishing to participate in CACFP were required to attend a workshop. Each session focused on CACFP recordkeeping-providing information and assistance in completing the application.

- 3) Centers were required to survey all parents in their center to collect data on household income. Parents of interested centers received an application for free and reduced price meals along with program income guidelines. Parents were instructed to complete applications and return them to the center to be included in the center's application for the demonstration.
- 4) Approved applications from the for-profit centers included: (a) 2 months' prior menus, (b) current fee schedules, (c) current license, and (d) list of all enrolled children and identification of all children eligible for free and reduced-price meals.

Iowa said that its Department of Human Services routinely notifies all newly-licensed centers of the availability of CACFP. The Iowa Department of Education mails CACFP materials in response to telephone and written inquiries. Active outreach, the State reported, also occurred by word-of-mouth.

Iowa also assembled packages of training materials including an application and food service guidelines. Sample news releases for use by the centers in advertising their participation in the program were also prepared.

#### **B.    Ongoing Recruitment and Assistance**

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In terms of ongoing assistance once centers entered the demonstration, Iowa said they provided technical assistance to demonstration centers when they requested it. Two-day site visits were conducted by State Agency staff.

Iowa used current staff to plan State outreach activities, recruit centers and implement the demonstration. Other expenses attributable to the demonstration were costs of telephone calls, postage and use of State support staff for typing and completion of data collection activities. The State was not able to provide estimates on any of these costs.

### **III.   Effect of the Demonstration**

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Four measures are discussed, corresponding to the evaluation objectives:

- 1) Effect on number of for-profit centers participating in CACFP;
- 2) Effect on number of low-income children served;
- 3) Effect on quality and types of meals/snacks served; and
- 4) Effect in terms of Federal expenditures.



Each will be addressed in a separate section. Findings on characteristics of demonstration centers and meals provided to children are based on data reported by the four demonstration centers that returned the mail survey and/or responded to the telephone follow-up to obtain this data. Not all four centers responded to each item in the survey, however the data are presented to provide information on the experiences of the Iowa centers. The number of low- income children served and the federal cost of the first year of the demonstration are based on data collected from five centers.

#### A.    Center Participation in the Demonstration

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Iowa initially estimated that 20 centers would be interested in the demonstration. They reported that 20 centers did initially express an interest in participation, i.e., responded to the initial mailing.

Demonstration centers were allowed to choose whether they wished to reduce their fees or improve the quality of their meals in exchange for the revenue obtained from USDA meal reimbursement. None of the centers chose to reduce fees.

Prior to the demonstration in September 1990, two for-profit centers participated in CACFP under the Title XX CACFP program; this represented one percent of all for-profit centers in the State. Six for-profit centers remained in the demonstration as of September, 1991 the last month of the study period. During that same month, one center participated in CACFP under the ongoing Title XX program bringing the total statewide for-profit center participation for September 1991 to seven centers (one ongoing Title XX center and six demonstration centers); this represents two percent of all for-profit centers in the State. The following table illustrates the impact of the demonstration on for-profit center participation in CACFP.

## Chapter III. The Demonstration in Iowa

Exhibit III-2: Effect of the Demonstration on CACFP Participation by For-Profit Centers	
Total for-profit centers pre-demonstration (Title XX) (9-90)	2
Total for-profit centers participating in demonstration (9-91) (Free/reduced price meals)	6
Total for-profit non-demonstration Title XX Centers (9-91)	1
Total for-profit centers post study (9-91) (Demonstration and Ongoing Title XX Program)	7

Source: Iowa State Department of Education

### Description of Demonstration Centers

Exhibit III-3 portrays a profile of the demonstration centers according to their geographic distribution within the State, their fee structure, the age of children served, and their hours of operation.

Exhibit III-3: Profile of Demonstration Centers in Iowa		
Characteristic	Modal Response	Range of Responses
Geographic Distribution	Rural Areas	Small City, Suburban, Rural
Weekly Fees (1991)		
• Under 1 year of age	none	\$60-\$79
• Ages 2-5	\$60-\$69	\$50-\$69
• After-school care	\$20-\$29	\$20-\$29
Ages of Children Enrolled	3-4 years	Less than 1 - 6+
Hours of Operation	10-11 hours, Monday-Friday	10-13 hours, Monday-Friday

Source: respondents to center survey

The Iowa centers were dispersed among urban, rural and suburban areas of the State. There were no centers in the State's largest cities, Des Moines and Cedar Rapids.

The average daily attendance for the centers reporting totaled 169. Very few infants (3) were cared for in these centers. The largest enrollment is for children ages 3 to 4 years, followed by after-school care.

The weekly fees charged in 1991 ranged from \$60-\$79 for infant care to \$20-\$29 for after-school care. Fees for the largest age group, 2- to 5-year olds, were most often \$60-\$69.

None of the Iowa centers were open on the weekend or all day. Most of the centers reported being open 10 to 11 hours per day, Monday through Friday, with one center open 12 to 13 hours on weekdays.

### **Factors Related to Participation**

Asked to identify the three main factors contributing to centers' decisions to participate, Iowa listed the following:

- 1) That CACFP would help to stabilize revenues for centers serving low-income children;
- 2) That the centers wanted to improve their meal service; and
- 3) That the centers would be serving proportionately large groups of low-income children.

Participating centers agreed with the State's assessment of factors that attracted them to the demonstration. Most of the Iowa centers reported the following to be the most important reasons for their decision to participate:

- They were not in CACFP prior to the demonstration, but expected to have many low-income children.
- They wanted to improve meal service.
- They wanted the CACFP meal reimbursements so they would not have to raise their fees.

Half of the centers also said that they wanted the regular reimbursement money. Availability of training and technical assistance, and a feeling that CACFP would be popular with the parents were reasons given by one center.

In terms of the primary factors deterring participation, Iowa said that:

- 1) Some centers did not have sufficient numbers of low-income children to qualify;
- 2) Of those who did have sufficient low-income enrollment, the number fluctuated so that they felt eligibility could not be maintained; and
- 3) CACFP paperwork requirements were too burdensome.

The demonstration centers, however, said CACFP paperwork burden was their primary concern. No centers stated a concern with maintaining low-income enrollment. Perhaps this was because these four centers did have substantial low-income enrollment.

Iowa reported that the demonstration centers had no significant problems in meeting CACFP requirements, except that two centers appeared able but unwilling to maintain accurate CACFP records, and that one center was dropped for falsely reporting data on eligibility. Some centers, according to the State, did have difficulty maintaining sufficient low-income enrollment. Iowa also perceived that a sense of independence made some for-profit center owners skeptical about being accountable to the government.

#### **B. Number of Low-Income Children Served**

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The demonstration provided CACFP to a few low-income children who would not have received benefits under the Title XX criterion. In September 1991, five participating centers served a total of 340 children, 134 of which were low income.<sup>2</sup> This represents 39 percent of the total enrollment for all five participating centers. Sixty-five percent of all low-income children served were enrolled in centers that did not meet the CACFP Title XX eligibility criterion. Exhibit III-4 illustrates the additional number of low-income children served through the demonstration, using the enrollment data for the final month of the study period.

Exhibit III-4: Number of Children Served - Iowa; September 1991			
	Total Centers	Total Enrollment	Total Low-Income Income Children <sup>a</sup>
All Demonstration Centers	5	340	134
"Title XX" Demonstration Centers <sup>b</sup>	2	123	47
Demonstration Only Centers <sup>c</sup>	3	217	87

Source: (6 out of 6 centers responding)

<sup>a</sup>Total number of children eligible for free or reduced price meals.

<sup>b</sup>Total Title XX centers refer to those demonstration centers that would meet the CACFP eligibility criteria based on the number of enrolled children who receive Title XX benefits.

<sup>c</sup>Demonstration only centers refer to centers that do not meet CACFP Title XX requirements.

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<sup>2</sup>Although six centers participated in the demonstration in September 1991, only five responded to a follow-up survey collecting information on participation.

**C.    Impact on Types of Meals Served and Meal Quality**

None of the participating centers chose to reduce fees. All of the Iowa centers said they chose to improve meal service. Since a major expected program outcome was improved meals for children in participating centers, centers were asked a variety of questions about the impact of the demonstration on their food service. Pre- and post-study menus were also requested from each of the participating centers.

Centers were asked to report all of the changes they made in meal service as a result of the demonstration. All of the centers responded that they:

- Increased protein content, and
- Reduced sugar in meals and/or snacks.

Three centers reported that they had increased the complex carbohydrate content and had served whole grain products instead of white bread. Two centers said they reduced the fat and/or cholesterol in their meals<sup>3</sup>.

Regarding meal preparation, centers were asked to state the changes they had made because of the demonstration. All centers said they had:

- Increased use of fresh food and decreased use of canned or processed food,
- Prepared more meals from scratch than from processed foods,
- Changed recipes and menus, and
- Talked to children about eating healthy foods.

Three centers said that they had learned to cook new foods and had tried new foods that met the demonstration requirements.

Centers were also asked to report on enrolled children's and their parents' reactions to CACFP meals. The most frequent response was that parents approved of the changes in the meal service and that they liked the well-balanced meals. Regarding the children's reactions, three centers said that children liked the change.

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<sup>3</sup>These changes were reported by the centers and were not validated independent analysis.

### **Types of Meals Served**

Analysis of the number of demonstration centers in Iowa serving each meal or snack prior to and during the demonstration reveals that the demonstration had little effect on the types of meals being served.

Breakfast was served by one less center during the demonstration period than in the pre-demonstration period, but the reverse was true for morning snack. One additional center did serve lunch during the demonstration. No change was made in the number of afternoon snacks served. No centers served supper in either period.

### **Meal Improvement**

Some improvement was noted in the quality of meals and/or snacks served during the demonstration (as mentioned earlier, improvement was based on adding food components to meet CACFP meal pattern requirements). In the 10 day pre-demonstration period, one center did not meet the CACFP requirements for breakfast; the other two centers serving breakfast met the requirements for all 10 days of the pre-demonstration period. During the demonstration period, both of the centers serving breakfast met the requirements for all 10 days. All of the centers serving morning snack met the meal requirements for all 10 days in both periods.

Improvement was noted in the lunches served in the 10 day post-study period, in which all three centers met the requirements for all 10 days, compared with one center in the pre-demonstration period. The other center serving lunch in the pre-demonstration period met the requirements for 9 out of 10 days. The three centers serving an afternoon snack in the pre-demonstration period met the requirements for 7, 8, and 10 of the 10 days, compared to 9 and 10 days during the demonstration.

All of the Iowa centers were serving meals and snacks that met the CACFP requirements for at least 9 of the 10 days during the demonstration. In the pre-demonstration period, all the centers met the meal requirements for at least 7 out of 10 days for all meals and snacks. The only exception was one center serving breakfast that failed to meet CACFP requirements for any of the days.

Menus were also analyzed to determine, for each type of meal or snack served, what percentage of meals were missing one or more of the CACFP-required food components. This analysis was conducted prior to and during the demonstration, to assess what effect participation in CACFP had on the quality of meals served.

In Iowa, 30 breakfasts were served by three centers in the pre-demonstration period, compared to 20 meals by two centers during the demonstration. One-third of the pre-demonstration breakfasts, compared to none of those served during the demonstration, were missing requirements. The most frequently missing component (six meals) was fruit,

vegetable, or juice, followed by milk for only one meal. The requirements for morning snack were met by all 10 snacks served in the pre-demonstration period, and by all 20 during the demonstration. Lunch showed some improvement during the demonstration. Ten percent, or two of the lunches served in the pre-demonstration period did not meet the meal requirements, compared to none of the 30 served during the demonstration. Fruit, vegetable, or juice was the only missing component in those two pre-demonstration lunches.

Thirty afternoon snacks were served in both periods. Improvement was shown, as five of the pre-demonstration snacks, compared to two of those served during the post-demonstration period, did not meet the meal requirements.

Some improvement was shown in breakfast, lunch, and afternoon snack between the demonstration. One less center, however, served breakfast in the demonstration; this center had not met the meal requirements for any of the 10 pre-demonstration days. The most frequently missing component in these breakfasts and lunches in the pre-demonstration period was fruit, vegetable, or juice.

#### **D.      Federal Cost of the Demonstration**

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The Federal cost of the meal reimbursements for the demonstration was generated by use of individual center reimbursement data for the period October 1990 through September 1991, provided by the Iowa State Department of Education. The total cost for all Iowa centers that submitted claims for meal reimbursements during this period was \$51,734. The total reimbursement for five centers participating in the last month of the study period, September 1991, was \$3,180. Over half of the total reimbursement (67%) for that same month reimbursed meals in centers that did not meet the Title XX eligibility criterion while one-third of the total cost reimbursed meals in centers that did meet the Title XX requirements. Using the September percentages, \$34,662 of the Fiscal Year 1991 reimbursement paid for meals in demonstration-only centers; \$17,072 reimbursed meals in centers meeting the CACFP Title XX criterion.

#### **Center Reports of Demonstration Costs**

There were three types of center costs associated with CACFP—one-time or start-up costs (such as appliance purchases), recurring administrative labor costs, and recurring food costs. Each is discussed below.

Only two Iowa centers reported any major expenses. Both centers purchased a freezer, at an approximate average cost of \$599.

Staff time spent in administrative and training activities related to CACFP participation was reported by just a few Iowa centers. Time spent in training activities for the program

in three centers ranged from 4 hours per month for one center, to 40 hours per month for another center. One center reported no hours for training. Administrative time attributable to the program ranged from 12 hours per month reported by one center, 50 hours in a second, and 60 hours by the third center.

All four Iowa centers reported that they paid more for food after participation in CACFP. The primary reasons they said that more was spent on food was that they bought better quality foods. The following reasons were also listed by two centers each:

- prepared food for more children
- bought more expensive foods to meet CACFP requirements
- food prices went up.

While none of the centers decreased their fees, these responses suggest that the CACFP funds helped to support increased food costs and start-up purchases, such as appliances.

#### **IV. Summary of the Demonstration Results in Iowa**

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The State did not believe that there were more than 20 potentially eligible centers. During the first year of the demonstration, Iowa experienced a seven percent decrease in the number of licensed for-profit child care centers.

In September, 1991, 340 children were enrolled in the five participating centers. Over half of the children (64%) were enrolled in centers that did not meet the Title XX criterion. Thirty-nine percent of all enrolled children were low-income; over half of all low-income children were in centers that did not meet the Title XX criterion.

The State Agency reported that the centers participated in the demonstration to stabilize revenues. Similarly, most participating centers indicated that they wanted CACFP meal reimbursement so they would not have to raise their fees.

The types of meals served at Iowa demonstration centers were not affected by the demonstration, but there was some improvement in the quality of meals served. All meals (represented among the menus reviewed) served during the demonstration met the meal requirements for at least 9 out of 10 days, compared to about 67 percent of those served in the pre-demonstration period.

The Federal cost of the first year of the demonstration was approximately \$51,734. Over half of the total cost reimbursed meals in centers that did not meet the Title XX criterion (\$34,662). The demonstration in Iowa achieved the following results: (1) it slightly increased for-profit



center participation in CACFP; (2) it provided CACFP benefits to a small number of low-income children; and (3) it brought some improvement to meal quality in participating centers.

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## **Chapter IV**

### **Conclusions: The Demonstration in Both States**

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## **Chapter IV. Conclusions: The Demonstration in Both States**

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### **I. Summary of Demonstration Results in Iowa and Kentucky**

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The demonstration achieved very different results in the States of Kentucky and Iowa. For each type of impact evaluated, Kentucky achieved substantial gains in:

- the number of for-profit centers that participated in CACFP;
- the number of low-income children receiving CACFP;
- the changes in types of meals served; and
- the quality of meals served by for-profit centers participating in the demonstration.

Iowa's gains in the areas of children served and meal improvement can be described as very modest. Some possible explanations for the variation in the demonstration results in the two States are explored in the next section.

### **II. Possible Explanations for Differences in Demonstration Results**

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The responses given by the two States to the mail survey instrument provide the basis for suggesting State-level characteristics that may have caused the different demonstration results. The following statements should not be construed as study findings, but rather as possible explanations based on analyses of all study data.

#### **A. Known Eligibility of For-Profit Centers for Participation**

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Iowa stated that they knew of only 20 centers statewide that may have been interested in the demonstration. In response to another survey question they stated that approximately 18 for-profit centers were known to be potentially eligible, even though the licensing agency supplied names of 439 licensed, for-profit centers. This may mean that few for-profit centers were, indeed, serving large proportions of low-income children. Another possible reason for the discrepancy could be that, due to lack of previous involvement in State or Federal Government programs, little was known by the State about the potential eligibility of these centers.

Kentucky, on the other hand, had already identified nearly one-fifth of its licensed for-profit centers as potentially eligible for the demonstration. This may mean that the State had better information on the clientele of this sector of the child care market, due to for-profit centers' previous participation in government programs, that statewide networking vehicles were more established than in Iowa, or that Kentucky has more low-income children in for-profit centers.

Lastly, it should be noted that Kentucky experienced a five percent increase in the number of licensed for-profit child care centers while Iowa experienced a seven percent decrease in for-profit centers.

**B. Involvement of Active Statewide Organizations**

Iowa did not mention any statewide organizations involved in child care in its survey response. Kentucky had a large CACFP sponsoring organization, Community Coordinated Child Care, which provided networking resources to child care centers and actively recruited for-profit centers for participation in the demonstration.

**C. Provision of Ongoing Recruitment and Technical Assistance**

Iowa's recruitment efforts were focused on the start-up of the demonstration. Although the State said they continued to recruit for-profit centers throughout the demonstration, this was primarily in the form of word-of-mouth and responding to telephone inquiries for information about the program. The State did, however, continue to mail information packages to all newly licensed for-profit centers as identified by the licensing agency throughout the demonstration period.

Kentucky conducted active recruitment and technical assistance throughout the demonstration. They held training workshops for newly licensed centers every month throughout the demonstration. They also conducted a site visit to each newly participating center to assist the center in completing its first claim form. This type of support encouraged accurate claims filing as well as establishment of a support network for the for-profit centers.

In summary, the chief reasons for the differences in demonstration results between the two States appear to be: (1) a history of more active statewide involvement in for-profit center child care in Kentucky than in Iowa; (2) the devotion of substantially greater administrative resources to ongoing recruitment and technical assistance in Kentucky than in Iowa; (3) the probable prior existence of statewide information about the clientele served by for-profit centers in Kentucky, but not in Iowa; and (4) the possibility that Kentucky has more low-income children in for-profit child care than Iowa.

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## **Appendix A**

### **Overview of Study Methodology**

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The data collection and analyses activities are described below. The response rates attained for each data collection instrument are also explained. The data collection activities consisted of:

- a State Agency mail survey;
- a mail survey of all centers participating in the demonstration;
- a telephone survey to all center participating in the demonstration;
- a mail survey of a limited number of non-participating centers;
- menus for 2-week periods preceding and following the demonstration from participating centers; and
- telephone follow-up to the State Agencies and centers for clarification and completion of missing responses.

The State Agency survey was sent to the Bureau of Food and Nutrition, State Department of Education in Iowa and to the Division of School Food Services, Department of Education in Kentucky. These agencies were responsible for implementation of the demonstration in their respective States. Both agencies returned completed questionnaires. Responses to the participating center survey were received from 86 of the 98 Kentucky centers participating in the program by the end of the study period, or 88 percent<sup>1</sup>. Iowa centers returned four completed surveys, which is 100 percent of those participating by the time of data collection.

An attempt was made to survey a sample of non-participating centers. There was difficulty in obtaining the sample and very few responses were received. Because of these quality issues, the data obtained from this survey are not included in this report.

Menu analyses were conducted on the 66 matched menus obtained from both States (63 from Kentucky and 3 from Iowa). This represents over 88 percent of those centers that had not previously been qualified for participation under Title XX criterion, and that began operations prior to June 1, 1990. The following analyses were conducted for both the pre- and post-demonstration periods:

- 1) the number of centers serving each type of meal or snack;
- 2) the number of days in each 2-week period that the meals met the CACFP menu requirements; and
- 3) of those not meeting the requirements which food components were missing.

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<sup>1</sup>Although 91 centers submitted claims for reimbursement at the end of the study, 98 centers participated in the demonstration during the time of data collection.

Data on the characteristics of demonstration centers, factors related to participation and outreach strategies were collected by Macro International through center and State Agency mail surveys. Macro conducted all data analysis on center characteristics, factors related to center participation, and outreach and technical assistance efforts conducted by participating States. Macro also conducted extensive telephone follow-up with participating centers and States, and conducted the menu analysis in addition to collecting data from centers to determine the effect of the demonstration on meals served to children. They also prepared and produced the draft report.

All data on the additional number of children served and the Federal cost of the demonstration was collected and prepared by the participating State Agencies, Mathematica Policy Research Inc., and the Food and Nutrition Service. In September 1992, the State Agencies provided information on enrollment and reimbursement for September 1991. This information was passed on to Mathematica to be combined with data collected from participating centers on Title XX participation for September 1991. Mathematica conducted the telephone survey in October 1992. Ninety centers (out of 91 centers claiming for the month of September 1991) were successfully contacted in Kentucky; five (out of six claiming in September, 1991) were successfully contacted in Iowa.